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STATEMENT
M TO THE
UNITED STATES INDUSTRIAL COMMISSION,
By STUYVESANT FISH,
PRESIDENT OF THE
ILLINOIS CENTRAL RAILROAD COMPANY,
AND OF THE
YAZOO & MISSISSIPPI VALLEY RAILROAD
COMPANY.

Mr. Chairman and Gentlemen of the Commission :

Railroads are "of the People and for the People." They are permanently attached to the soil. Capital invested in them is irrevocably dedicated to a public service. It is presumably for these reasons that the Commission, in investigating "questions pertaining to immigration, to labor, to agriculture, to manufacturing, and to business,"* have called so many railroad Presidents.

However this may be, I take pleasure in answering your summons, well knowing that nothing can affect, for good or evil, any important interest in the United States without in like manner affecting the railroads.

You have heard and will hear from other railroad men representing different parts of the country. What I have to say will relate to the great Central Basin drained by the Mississippi River—the heart of the country, its granary and its workshop,—and New Orleans, the seaport of that Basin.

* Act of Congress entitled, "An Act authorizing the appointment of a non-partisan commission to collate information and to consider and recommend legislation to meet the problems presented by labor, agriculture and capital." Approved June 18, 1898.

The Mississippi River drains the whole of nine States and Territories,* and parts of twenty-three other States,† not to speak of a considerable slice of the Dominion of Canada. Rejecting eight States,‡ of which but a small portion lies within the valley, twenty-four States and Territories may be fairly considered as tributary to that River.

Its valley contains 1,240,039 square miles, or forty one per cent. of the area of the United States, exclusive of Alaska and other outlying possessions. There dwell 35,000,000 of our People, or nearly one-half of our Citizenship.

Its soil, beside feeding all of our own people, except those on the Pacific Coast, yields the whole of our exportable surplus of live stock of every kind, and most of the bread-stuffs. Its mines yield our petroleum oil and most of our coal, its forests supply our lumber, and its workshops turn out, annually, an increasing share of our manufactures.

In these days of large and increasing tonnage and of low and constantly falling rates for transportation by rail, the question of grades is becoming more and more controlling. It is, therefore, in the level prairies of the great valley that we must look for the solution of the problem of how to conduct transportation ever at or near, and often below, cost, without so absolutely bankrupting the carriers as to close the highways of traffic. The accumulated surplus earned in previous good years, and the borrowing power based thereon, coupled with a rigid and distressing economy, barely kept the Western and Southern railroads from universal bankruptcy during the bad times from 1893 to

* Kentucky, Tennessee, Arkansas, Indian Territory, Oklahoma, Missouri, Kansas, Iowa and Nebraska.

† New York, Pennsylvania, Maryland, West Virginia, Virginia, North Carolina, Georgia, Alabama, Mississippi, Louisiana, Texas, New Mexico, Colorado, Wyoming, Montana, North Dakota, South Dakota, Minnesota, Wisconsin, Michigan, Illinois, Indiana and Ohio.

‡ New York, Maryland, Virginia, North Carolina, Georgia, Texas, New Mexico and Michigan.

1897. On June 30, 1894, there were in the hands of Receivers 40,818 miles of railroad, or nearly one-quarter of all in the United States (176,602). These bankrupts represented an investment of over \$2,500,000,000.

The enforced economies of that year reduced the number of railroad employees by 93,994. The effect on those employed by manufacturers of railroad supplies in particular, and on immigration, labor, manufacturing, and business in general, while not specifically reported, is too well remembered to need repetition. While we all hope that those evil days have passed, never to return, may we not gather wisdom from that sad experience?

The statistical reports of the Interstate Commerce Commission divide the United States into ten territorial groups, as shown on the map herewith submitted*. The following table has been compiled from those reports:

* The Interstate Commerce Commission define these groups as follows:

Group I. This group embraces the States of Maine, New Hampshire, Vermont, Massachusetts, Rhode Island and Connecticut.

Group II. This group embraces the States of New York, Pennsylvania, New Jersey, Delaware and Maryland, exclusive of that portion of New York and Pennsylvania lying west of a line drawn from Buffalo to Pittsburg, via Salamanca, and inclusive of that portion of West Virginia lying north of a line drawn from Parkersburg east to the boundary of Maryland.

Group III. This group embraces the States of Ohio, Indiana, the Southern Peninsula of Michigan and that portion of the States of New York and Pennsylvania lying west of a line drawn from Buffalo to Pittsburg, via Salamanca.

Group IV. This group embraces the States of Virginia, North Carolina, South Carolina and that portion of the State of West Virginia lying south of a line drawn east from Parkersburg to the boundary of Maryland.

Group V. This group embraces the States of Kentucky, Tennessee, Mississippi, Alabama, Georgia, Florida and that portion of Louisiana east of the Mississippi River.

Group VI. This group embraces the States of Illinois, Wisconsin, Iowa, Minnesota, the Northern peninsula of the State of Michigan and that portion of the States of North Dakota, South Dakota and Missouri lying east of the Missouri River.

Group VII. This group embraces the States of Montana, Wyoming, Nebraska, that portion of North Dakota and South Dakota lying west of the Missouri River, and that portion of the State of Colorado lying north of a line drawn east and west through Denver.

Group VIII. This group embraces the States of Kansas, Arkansas, that portion of the State of Missouri lying south of the Missouri River, that portion of the State of Colorado lying south of a line drawn east and west through Denver, that portion of the State of Texas lying west of Oklahoma, and the Territories of Oklahoma, Indian Territory, and the portion of New Mexico lying northeast of Santa Fe.

Group IX. This group embraces the State of Louisiana, exclusive of the portion lying east of the Mississippi River; the State of Texas, exclusive of that portion lying west of Oklahoma, and the portion of New Mexico lying southeast of Santa Fe.

Group X. This group embraces the States of California, Nevada, Oregon, Idaho, Utah, Washington, the Territory of Arizona, and that portion of the Territory of New Mexico lying southwest of Santa Fe.

COMPARATIVE DISTRIBUTION OF RAILROAD EMPLOYEES BY GROUPS
FOR THE YEARS ENDED JUNE 30, 1893, AND 1894, RESPECTIVELY.

	1893.	1894.	Decrease.	Per Cent.
Group III.....	137,913	117,233	20,680	14.99
" V.....	66,419	58,182	8,237	12.40
" VI.....	170,336	144,168	26,168	15.36
" VII.....	26,567	23,878	2,689	10.12
" VIII.....	71,287	63,525	7,762	10.88
Total of the 5 groups in the Mississippi Valley	472,522	406,986	65,536	13.87

	1893.	1894.	Decrease.	Per Cent.
Group I.....	65,521	58,272	7,249	11.06
" II.....	224,360	208,910	15,450	6.89
" IV.....	42,805	39,107	3,698	8.64
" IX.....	35,727	31,258	4,469	12.51
" X.....	32,667	35,075	Inc. 2,408	7.37
Total of the 5 groups in other parts of the country.....	401,080	372,622	Dec. 28,458	7.10
Total of all the United States	873,602	779,608	Dec. 93,994	10.76

This shows that seven-tenths of all the railroad employees discharged during the year ended June 30, 1894, had been employed in the Mississippi Valley, and that while throughout the rest of the country one man in fourteen lost his employment during that year, in the Valley nearly one in every seven met with like misfortune. The distress was most severe in Groups III. and VI., comprising substantially the area bounded east by the Allegheny Mountains,

south by the Ohio and west by the Missouri and the Mississippi Rivers. Virtually half (46,848) of all the men discharged lived in those two Groups.

In Group III. the rate per ton per mile is the lowest of any, and in Group VI. it is lower than in any of the other six Groups lying west of the Alleghenies. The rate in Group I., the New England States, is more than forty per cent. higher than that of Group VI., and more than double that of Group III.

Justice apart, is it wise for us, as a Nation, to continue to thus rob the carrier Peter and his "hired man," in order to pay the shipper Paul?

New Orleans is the natural port of the Mississippi Valley. You are familiar with the struggle made by the people of the Valley toward the close of the last century against the embargo laid by Spain and France on commerce through New Orleans, which led to and justified the so-called Louisiana purchase in 1803. Down to the breaking out of the Civil War in 1861, the river carried the products of the Valley to the Gulf, and brought back imported goods. During the four years of that war and the following period of misrule at the South, the very mouth of the river was allowed to fill up until only vessels of small draft could enter it, and transportation between the valley and the sea was forced into the unnatural channels provided by steep or circuitous railroads over or around the Allegheny Mountains.

That even the most direct of them is crooked, is shown by the fact that while the short line distances by rail from Chicago to New York and to New Orleans are identical, *912 miles, the air line distances are to New

* The distances given in the Official Railway Guide for the passenger trains of the Illinois Central Railroad cover a detour made in order to serve the City of Memphis, and are some 10 $\frac{1}{2}$ miles longer than as above stated. Freight trains take the shorter route.

York 709, to New Orleans 826. That is to say, in running over the mountains, 203 miles, or $28\frac{6}{10}$ per cent., are added to the air line distance, while in running down the valley only 86 miles, or $10\frac{4}{10}$ per cent., are added thereto. The summit on the short line between Chicago and New York is nearly midway between those cities, at an altitude of about 2,161 feet above tide; the summit on the short line between Chicago and New Orleans is within 34 miles of Chicago, at an altitude of 804 feet above tide. As Chicago is 590 feet above the sea, the dead lift to New York is 1,571 feet and to New Orleans 214 feet. While it is true that other railroads running to New York by longer routes cross lower summits, the most level of them reaches an altitude approximating, if not exceeding, 1,100 feet above the sea, and is compelled to lift every ton it carries in either direction 500 feet vertically above the level of Chicago.

When order was finally restored at the South, its railroads were, without exception, physical and financial wrecks. It is within my knowledge that they were then, and long continued, incapable of competing with the lines to the Atlantic Seaboard.

That condition has with us passed, through the increase, in the past eighteen years, of the capitalization of the Illinois Central Railroad Company from \$38,831,000 to \$185,996,925. We can now use the advantages of our geographical position, and give the advantage of theirs to a large part of the people of the Valley.

Other Southern and Western roads being in like case, natural conditions are being restored, and the products of the Valley are once more seeking an outlet on short lines, over easy and generally descending grades, to the Gulf of Mexico.

In physical condition, in the safety, speed, comfort and regularity of service, the level and straight roads of the

West and South equal, if they do not excel, those of the Eastern States. Why, then, should they not carry their fair share of the produce of the West to tide water from their own local stations and, in turn, supply the interior with foreign goods?

Of the 2,715,981 tons of grain, flour and other mill products carried by the Illinois Central and the Yazoo & Mississippi Valley Railroads during the year ended June 30, 1899, less than one-fifth (536,841 tons) were exported through New Orleans to European and other ports.

Although the corn crop of 1898 was of such notoriously poor quality, no complaint has been received of any damage from heating having occurred in the 12,544,857 bushels which were delivered by the Illinois Central and the Yazoo & Mississippi Valley Railroads for export through New Orleans.

Of the 13,517,161 tons of freight carried last year by the Illinois Central Railroad, 83.6 per cent. were local and 16.4 per cent. through.

Of the 1,840,719 tons of freight carried last year by the Yazoo & Mississippi Valley Railroad, 83.9 per cent. were local and 16.1 per cent. through.

When I entered the service of the Illinois Central Railroad Company in 1871, the ratio of its local to through freights was almost exactly the same as at present, and it has since varied between very narrow limits, although the tonnage has increased more than ten-fold.

The two Companies which I have the honor to represent are and have been developing the latent resources of the States which they were incorporated to serve, without seeking new territory.

The line of equal railroad distances to New York and to New Orleans, respectively, may be said to begin on Lake

Superior, at the boundary between Wisconsin and the upper peninsula of Michigan, and, following the northern and eastern boundaries of Wisconsin, to pass through Chicago, Ill., run thence southeasterly through Indianapolis, Ind., and Bristol, Tenn., and to reach the Atlantic Coast near Charleston, S. C. Every point to the south and west of that line is nearer by rail to New Orleans than to New York. It is in that part of the basin of the Mississippi River, which lies west of that line that our exportable surplus of breadstuffs and packing house products is made, and, so long as water runs down hill and it costs more to move freight up hill, the natural tendency of that exportable surplus will be to reach the sea at New Orleans and the other Gulf ports.

The short rail distances from some of the interior grain markets and packing house centres to New York and to New Orleans, are :

	TO NEW YORK.	TO NEW ORLEANS.	SAVING TO NEW ORLEANS.
	Miles.	Miles.	Miles.
Chicago, Ill.....	912	912	0
Duluth, Minn.....	1,390	1,337	53
Minneapolis, Minn.....	1,332	1,279	53
St. Paul, Minn.....	1,321	1,268	53
Sioux City, Ia.....	1,422	1,258	164
Omaha, Neb.....	1,402	1,070	332
Dubuque, Ia.....	1,079	988	91
St. Louis, Mo.....	1,058	695	363
Peoria, Ill.....	1,006	860	146
Cairo, Ill.....	1,089	554	535
Evansville, Ind.....	989	708	281
Louisville, Ky.....	867	746	121
Nashville, Tenn.....	939	557	382
Denver, Col.....	1,932	1,356	576
Kansas City, Mo.....	1,335	878	457

Terminating in New Orleans and radiating therefrom into the interior in all directions are six great railroads ;

1. The Southern Pacific, operating 7,614 miles,
and extending through Louisiana,
Texas, New Mexico, Arizona and Cali-
fornia to Portland, Oregon, as well as
through Nevada and Utah to Ogden,
with branches reaching into the Indian
Territory and the Republic of Mexico.
2. The so-called Queen & Crescent Route,
operating 1,155 miles
in Louisiana, Mississippi, Alabama, Ten-
nessee and Kentucky, and reaching Cin-
cinnati, O.
3. The Louisville & Nashville R. R., operat-
ing, in its own name 2,988 miles,
and controlling, through
an ownership of stock, the
Nashville, Chattanooga &
St. Louis R. R., which
operates 1,189 "

Making together 4,177 miles.

The lines of these two companies lie in Louisiana, Mississippi, Alabama, Florida, Tennessee, Georgia, Kentucky, Illinois, and reach St. Louis on the West, Cincinnati on the Northeast, as well as all the lower crossings of the Ohio River, except Cairo.

4. The Texas & Pacific Railway, operating
in Louisiana and Texas 1,492 miles.

While this railway is affiliated with the so-called Gould System of Railroads which comprise in all 9,000 miles, reaching through Arkansas, Indian Territory, Missouri, Kansas, Colorado, and Nebraska to Denver, Omaha, Kansas

City and St. Louis, only the mileage actually controlled by the corporation operating in New Orleans, the Texas & Pacific Railway Company, is considered in this connection.

5. The Yazoo & Mississippi Valley R. R., operating in Louisiana, Mississippi, Arkansas and Tennessee 969 miles.
6. The Illinois Central R. R., operating in Louisiana, Mississippi, Alabama, Tennessee, Kentucky, Illinois, Indiana, Wisconsin, Iowa, Minnesota and South Dakota 3,679 miles.

Railroad Mileage tributary to New Orleans 19,086 miles.

No other port in the United States is served by railroads reaching, under single managements, so far and in such varied directions into the interior of the continent. That those railroads ought to bring to and carry from New Orleans vastly more than they do of goods for foreign commerce, is shown by their gross receipts during the past year, from the carriage of passengers and freight, being \$130,637,703, or 30 per cent. more than the VALUE of all the imports and exports of New Orleans, which, in turn, amounted to \$100,090,537.

Far from discriminating in favor of New Orleans, it is to be feared that its railroads, taken as a whole, have not done their full measure of duty by the port in which each of those above named terminates.

The testimony given before you by the Presidents of other railroad companies, as reported in the newspapers, has suggested the following remarks:

It does not seem to me that disputes over wages form so vital a question as to exclude arbitration, so absolutely and universally as does the maintenance of proper discipline. The duty of safely carrying passengers and freight has been by the State committed to corporations. They cannot share that responsibility with others, much less arbitrate, with irresponsible strangers, the method of its discharge. Discipline, if peculiarly severe, will carry with it increased pay. Wages, on the other hand, have been generally controlled by supply and demand, to the great gain in recent years of the employed. That natural law will always control, except as its operation may be influenced by labor trusts seeking to prevent free men from selling their only capital, labor, in the best market. By labor trusts I do not mean organized labor as exemplified by the Brotherhood of Locomotive Engineers, the Order of Railroad Conductors and like useful and honorable organizations of intelligent railroad men; but the lawless and disorganized bodies of outsiders who know nothing of, and care nothing for, either the railroads or the high class of men whom they employ.

No reductions in pay were made on the Illinois Central Railroad during the long period of depression (1893 to 1897) from which we are emerging, excepting that, in some parts of the country, the fall in the wages of farm laborers necessarily affected, for a short season, those of our track hands. But many of our men suffered severely through our diminished need of their services. Making less use of our cars and engines, we had less of them to repair, and both the number employed and the hours of work in the shops were reduced. It seemed to me then, and it seems to me now, that it would have been better for the men, if it had been possible for us, by reducing the scale of wages a

little, to have employed more men or to give them work on full time. Men in railroad shops are paid by the hour. The question is whether the men, and the communities in which they live, would not have been benefited by adopting course B below, rather than in adhering to A, as we were forced to do.

CASE A.

REDUCTIONS IN FORCE AND IN TIME.

Men in shop, say 100.

Full Time, 6 days of 10 hours—6,000 units of pay per week.

Reduction in force from 100 to 75—men discharged 25.

Reduction in time to 5 days of 8 hours, or 40 hours per week.

Result:

75 men at 40 hours, or 3,000 units of pay per week,
and Pay Roll diminished by one-half.

CASE B.

REDUCTIONS IN WAGES.

Men in shop, say, as above, 100.

Full time, as above-----6,000 units of pay per week.

10%	Reduction in wages	5,400	"	"	"
15%	"	5,100	"	"	"
20%	"	4,800	"	"	"
25%	"	4,500	"	"	"

Pay Roll diminished as follows:

By 10% Reduction	600	"	"	"
By 15%	900	"	"	"
By 20%	1,200	"	"	"
By 25%	1,500	"	"	"

That the Illinois Central Railroad Company could have employed more shop hands in building new cars and engines, if it could have secured their services on a lower scale and one commensurate with the reduced cost of living, is shown by its having bought *new* engines and cars, as follows:

NEW EQUIPMENT BOUGHT BY I. C. R. R. Co.

Year ended June 30.	Locomotives.	Passenger Cars.	Freight Cars.
1893	42	62	301
1894	49	0	2,531
1895	19	0	1,044
1896	45	1	2,596
1897	25	0	1,800
Total in 5 years...	180	63	8,272

During the whole of this period we built but few cars (241) and no engines, because we could buy them from others more cheaply. Now that the car makers have restored their wages and advanced their prices, we have begun to build cars freely. In the past three months we have built nearly 500 new cars and bought the material for 1,250 more, which should be completed before the end of next March.

As to average rates of transportation:—The attention of the Commission is called to a pamphlet herewith submitted, on "Changes in the Rates of Charge for Railway and Other Transportation Services. Prepared under the direction of John Hyde, Statistician, by H. T. Newcomb, Chief of the Section of Freight Rates in the Division of

Statistics. Miscellaneous Series, Bulletin No. 15, U. S. Department of Agriculture, Division of Statistics."

That pamphlet contained the first, and, I might say, the only statistical publication by authority of the Federal Government, which has come to my notice, dealing with these important questions with sufficient candor and accuracy to be of real value in determining questions affecting the regulation of commerce. The attention of the Commission is particularly called to Table 1, on page 12, under the heading of Freight Traffic, and to Table 54, on page 63, under the heading of Passenger Traffic, each of which gives the volume of traffic, efficiency of service, and earnings. These tables give an immense amount of accurate information, for the long period of thirty years from 1867 to 1896.

Conformably to a suggestion made by one of your officers, that the Commission would be interested in the plan adopted by the Illinois Central Railroad Company for aiding its employees to buy stock of the corporation, permit me to say that, in brief, it amounts to this: On the first of each month the price of shares at the New York Stock Exchange is telegraphed to Chicago, and the Paymaster is authorized to sell one share to each employee at that price. Payment is accepted in sums of \$5, or any multiple thereof. Interest at 4 per cent. per annum is allowed on the partial payments, and, when an employee leaves the service, he must either pay in full for his share and receive a certificate therefor, or take his money, with the interest added.

The number of officers and employees, other than Directors of the Corporation, registered on the books of the Company as Stockholders, is 705, and their holdings amount to 2,554 shares.

The stock is being gradually purchased by those resident

on and near the line. In each of the eleven States, in which the Company is operating railways, there are a number of Stockholders, varying from 7 in Indiana to 767 in Illinois. The total number of Stockholders in these eleven States is 1,126, and the number of shares held by them 33 995.

There are resident in the United States 3,868 Stockholders, owning 346,207 shares, or over 57 per cent. of the whole; in Great Britain, 2,543, owning 198,616 shares; elsewhere, 115, owning 55,125 shares.

Exclusive of one large block of shares, held for more than thirty years past in trust by a Dutch Syndicate or Administration Office, against its own certificates, good to bearer, which are widely scattered among hundreds of owners, the average holding of the remaining proprietors registered on the Company's books is $85\frac{1}{2}$ shares. In the United States the average is $89\frac{1}{2}$ shares.

All told, the books show 5 holdings of 5,000 shares, or over; 85 of 1,000 shares, or over; 93 of 500 shares, or over; 694 of less than 500, but more than 100 shares; 455 of exactly 100 shares each, and 5,194 of less than 100 shares. The number of Stockholders registered on the books is 6,526. Barely one-seventh of them own over 100 shares apiece.

All of which is most respectfully submitted.

STUYVESANT FISH.

OCTOBER, 1899.



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